

Minutes of the Executive Committee Meeting

October 13, 2010, 2PM

Paul Cuffee Lower School

Present: Joop Nagtegaal, Carolyn Pemberton, Babak Taleghani, Dave Burnham, Maria Monteiro

Excused: Russell Carey, Michael Obel-Omia

1. Minutes of the EC meeting on September 15, 2010

Dave made a motion to approve the minutes, Babak seconded, approved unanimously.

2. Bank Purchase Transaction

School Treasurer Babak Taleghani presented the resolution (attached) to have Citizens Bank purchase the public bonds issued by the School in 2002. Babak explained the various terms of the transaction, and answered several questions raised by members of the EC. Babak then made a motion to approve the resolution, Dave Burnham seconded, and the motion was approved unanimously.

3. Head of School Evaluation

The committee reviewed:

- **The Process Flow Chart;**
- **The revised list of Goals and Objectives, written by Michael;**
- **The list of Evaluation Points;**

There was agreement that the process flow chart and the list of Goals and Objectives needed no further change. Babak proposed that the list of Evaluation Points should be reorganized in a few categories with a weight assigned to each category. The EC approved this approach, and Joop agreed to make the necessary modifications and distribute the revised document to the EC for further comment.

Joop proposed to further solicit comments from Jane Foote and Bill Lyons of Independent Thinking, and then present the documents to Michael for his approval. Finally, the documents will be presented to the Board for formal approval during the scheduled Board meeting on November 18, 2010.

Respectfully submitted,

**Joop C Nagtegaal
Board President**

**RESOLUTIONS OF THE EXECUTIVE COMMITTEE OF
THE BOARD OF TRUSTEES OF THE PAUL CUFFEE SCHOOL**

WHEREAS Paul Cuffee School, an independent charter public school which operates as a distinct Local Education Agency of the State of Rhode Island, financed the Project as described below, through a loan from the Rhode Island Health and Educational Building Corporation (“RIHEBC”) of the proceeds of the sale of RIHEBC’s Educational Institution Revenue Bonds (Paul Cuffee School Issue, Series 2002) (the “Bonds”), issued in the aggregate principal amount of \$3,000,000, and which loan is a general obligation of the School, secured by a Mortgage Agreement dated as of September 30, 2005 (as amended, the “Mortgage”) given by the School in favor of RBS Citizens, National Association (the “Bank”).

WHEREAS The project consisted of the financing of some or all of the following:

- (i) construction, renovation, expansion, and equipping of a school facility located at 459 Promenade Street, Providence, Rhode Island.**
- (ii) to pay certain costs of issuance of the Bonds (collectively, the “Project”).**

WHEREAS In connection with the issuance of the Bonds, the School entered into a Reimbursement Agreement (the “Reimbursement Agreement”), with the Bank, whereby the School requested and the Bank issued a direct pay letter of credit (the “Bank Letter of Credit”) in favor of the Trustee for the benefit of RIHEBC and the Bonds.

WHEREAS As a result of the issuance, the Bonds bear interest at rates which vary weekly.

WHEREAS In order to minimize interest rate fluctuation risk on the

Bonds, the School entered into a swap agreement consisting of the ISDA Master Agreement and Schedules by and between the School and the Bank (the “Swap Provider”) (collectively, the “Swap Agreement”) pursuant to which the School agreed to pay the Swap Provider fixed rates and receive in exchange from the Swap Provider variable rates of interest based upon an SIFMA-based index as provided in the Swap Agreement.

WHEREAS The direct pay letter of credit expires on December 31, 2010.

WHEREAS Few institutions in the area write direct pay letters of credit to charter and independent schools, so there is little opportunity for negotiation.

WHEREAS The School would like to mitigate the vagaries of the public bond market, where the relatively small size of the issue makes it difficult to remarket and where bondholders can exercise their option to tender.

WHEREAS The School would like to eliminate the effect of a bank’s credit rating on its interest cost.

WHEREAS The Bank is proposing to purchase the Bonds after conversion of the Bonds into a Bank Purchase Mode (the “Bank Purchase Transaction”).

WHEREAS While in the Bank Purchase Mode, the Bonds will bear interest at a rate equal to 68% of the sum of (i) one-month LIBOR plus (ii) a fixed spread (the “Bank Purchase Rate”).

WHEREAS The Bank Purchase Rate will be re-set monthly based on changes to one-month LIBOR.

WHEREAS In connection with the Bank Purchase Transaction, the Swap Agreement will be amended to change the variable rate index the School receives under the Swap Agreement from a SIFMA-based index to a LIBOR-based index to seek to better align the Swap Agreement with the Bank Purchase Rate.

WHEREAS In connection with the Bank Purchase Transaction, certain documents must be entered into in connection with the Bonds including, without limitation, a First Amendment to Loan and Trust Agreement among the School, the Trustee and RIHEBC, a Bond Purchase and Continuing Covenants Agreement between the School and the Bank, and a Supplemental Tax Certificate and Agreement of the School (collectively, the “Agreements”).

WHEREAS The Finance Committee and the Board of Trustees of the Paul Cuffee School have approved the Bank Purchase Transaction.

RESOLVED That the Head of School and the Business Manager be, and they each hereby are, authorized, empowered and directed, acting and signing singly for and in the name of and on behalf of the School, to negotiate, execute and deliver any and all documents (including, without limitation, the Agreements and any security documents) and certificates as may be necessary, convenient or advisable in order to carryout and accomplish the Bank Purchase Transaction and to effect the purposes of this Resolution and to carry out and comply with the terms of the provisions of this Resolution, and all the acts and doings of such officers of the School which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, are hereby in all respects

ratified, confirmed, and approved and each officer is generally authorized to take any and all further action as shall in his or her judgment, be necessary or convenient, in achieving the purposes and intents of these Resolutions.

RESOLVED That the actions of the officers of the School taken to date with respect to the Bank Purchase Transaction are hereby authorized, approved, ratified and confirmed.